

Considering first the rejection of claims 17 and 19 as anticipated by Willner (U.S. Patent No. 3,693,376), Willner is quite different from the claimed invention. In Willner, a spring member (shank 12) is mounted adjacent the ends of housings 14, e.g., by casting. Willner mounts his spring in this manner, specifically so that the oppositely disposed faces of his housings are "located substantially exteriorly of the circle defined by the spring member 12. Moreover, this structure is critical to Willner. See Willner, col. 3, lines 1-5, wherein Willner stresses:

It is important to note that the opposed faces **20** of the housings **14** are for the most part located exteriorally [sic] of the circle defined by shank **12** so that the housings and the ornamental member mounted therebetween will not exert undue pressure on the wearer's finger.

As distinguished therefrom, and in direct contraindication thereto, Applicant mounts the ends of his spring members to the respective outer convex surfaces of the fixtures interiorly of the edges of the fixtures. Thus, any ornamental member mounted therebetween will be mounted on the circle defined by the semicircular shape of Applicant's spring member. Thus, Applicant's claim 17, as amended, cannot be said to be anticipated by Willner, and, in view of the specific contraindications contained in Willner, Applicant's claim 17 cannot be said to be obvious from Willner.

Turning to the rejection of claims 18 and 23-26 as obvious from Willner in view of Darling (U.S. Patent No. 6,127,457)¹.

Darling has been cited as teaching the use of buoyant putties for jewelry, and is acknowledged as so teaching. However, the more basic and essential features of Applicant's

¹ In the Action, the Examiner identifies Darling as "US 3,693,376." However, that is the Patent number for Willner. It is assumed the Examiner meant to refer to U.S. Patent 6,127,457 to Darling.

claimed invention, missing from the primary reference Willner, are not supplied by Darling. Thus, no combination of Willner and Darling reasonably could be said to achieve or render obvious claim 17, or claims 18 that depends thereon.

Independent claim 23, and claims 24 and 25 which depend directly or indirectly thereon, are similarly allowable over Willner and Darling. Claim 23, like claim 17, requires that the first and second fixtures have convex outer surfaces, and the spring member have a semicircular shape with its ends affixed to the concave outer surfaces of the first and second fixtures interiorly of the edges of the first and second fixtures. As noted *supra*, Willner not only fails to teach this construction, Willner teaches against such a construction. Darling does not supply the missing teachings.

The foregoing Amendment makes no claim changes that would require further search or consideration by the Examiner. Claim 17 has been amended specifically to include the limitations of claim 19, which has been cancelled. Claim 23 has been amended to incorporate the limitations of claim 26, which has been cancelled. Thus, no new issues have been raised that would require further search or consideration.

Quite apart from the foregoing, Applicant wishes to make of record a copy of the License Agreement and certain third-party endorsements of the present invention. As the Examiner is well aware, evidence of commercial success, including licenses, and third-party endorsements, are secondary considerations relevant to the issue of non-obviousness and patentability. The enclosures to this Amendment clearly demonstrate the nexus between the claimed features that contribute to the commercial success of the claimed invention, and third-party endorsements.

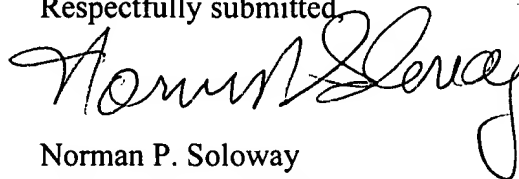
Pursuant to 37 CFR 1.121, a marked copy of the amended claims showing changes made therein accompanies this Amendment.

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In the event there are any fee deficiencies or additional fees are payable, please charge them (or credit any overpayment) to our Deposit Account Number 08-1391.

Respectfully submitted

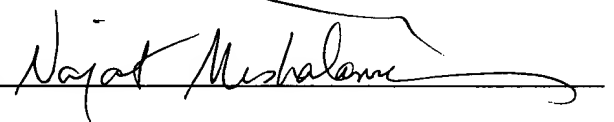


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CERTIFICATE OF MAILING

I hereby certify that this correspondence is being deposited with the United States Postal Service as First Class Mail in an envelope addressed to: Assistant Commissioner of Patents, Washington, D.C. 20231 on February 13, 2003 at Tucson, Arizona.

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MARKED COPY OF AMENDED CLAIMS

SERIAL NO. 09/818,463

DOCKET: SKILES 00.01



MARKED AMENDED CLAIMS SHOWING CHANGES MADE

17. (Amended) A jewelry clasp for releaseably holding an ornamental object, comprising:

a first fixture comprising a first convexoconcave structure having a first inner concave surface, a first outer convex surface, and a first edge continuously joining said first inner concave surface and said first outer convex surface;

a second fixture comprising a second convexoconcave structure having a second inner concave surface and a second outer convex surface, and a second edge continuously joining said second inner concave surface and said second outer convex surface; and

a spring member having a semicircular shape, said spring member having a first end and a second end, wherein said first end is affixed to said first outer convex surface of said first fixture, interiorly of said first edge thereof, and wherein said second end is affixed to said second outer convex surface of said second fixture interiorly of said second edge thereof.

20. (Amended) The clasp of claim [19] 17, wherein said spring member further comprises:

a first end portion;

a second end portion; and

a midpoint;

wherein said first end portion connects said first end and said midpoint, and wherein said second end portion connects said second end and said midpoint;

said clasp further comprising:

a first connector having a first proximal end and a first distal end, wherein said first

proximal end is disposed on said first end portion of said spring member, such that said first distal end extends outwardly from said member in the direction of said second end portion; and
a second connector having a second proximal end and a second distal end, wherein said second proximal end is disposed on said second end portion of said spring member, such that said second distal end extends outwardly from said spring member in the direction of said first end portion;

wherein said first distal end is moveably connected to said second distal end.

23. (Amended) A jewelry clasp for releaseably holding an ornamental object, comprising:

a first fixture having [an] a concave inner surface and [an] convex outer surface, wherein said inner surface of said first fixture has concave shape covered by a first cellular material;

a second fixture having [an] a concave inner surface and [an] convex outer surface, wherein said inner surface of said second fixture has a concave shape covered by a first cellular material; and

a spring member having a semicircular shape, said spring member having a first end and a second end, wherein said first end is affixed to said convex outer surface of said first fixture, interiorly of an edge thereof, and said second end is affixed to said convex outer surface of said second fixture interiorly of an edge thereof.

24. (Amended) The clasp of claim 23, wherein said first fixture comprises a first convexoconcave structure having [a first inner concave surface and a first outer convex surface, and] a first edge continuously joining said first inner concave surface and said first convex outer surface.

25. (Amended) The clasp of claim 24, wherein said second fixture further comprises a second convexoconcave structure having [a second inner concave surface and a second outer convex surface, and] a second edge continuously joining said second inner concave surface and said second outer convex surface.

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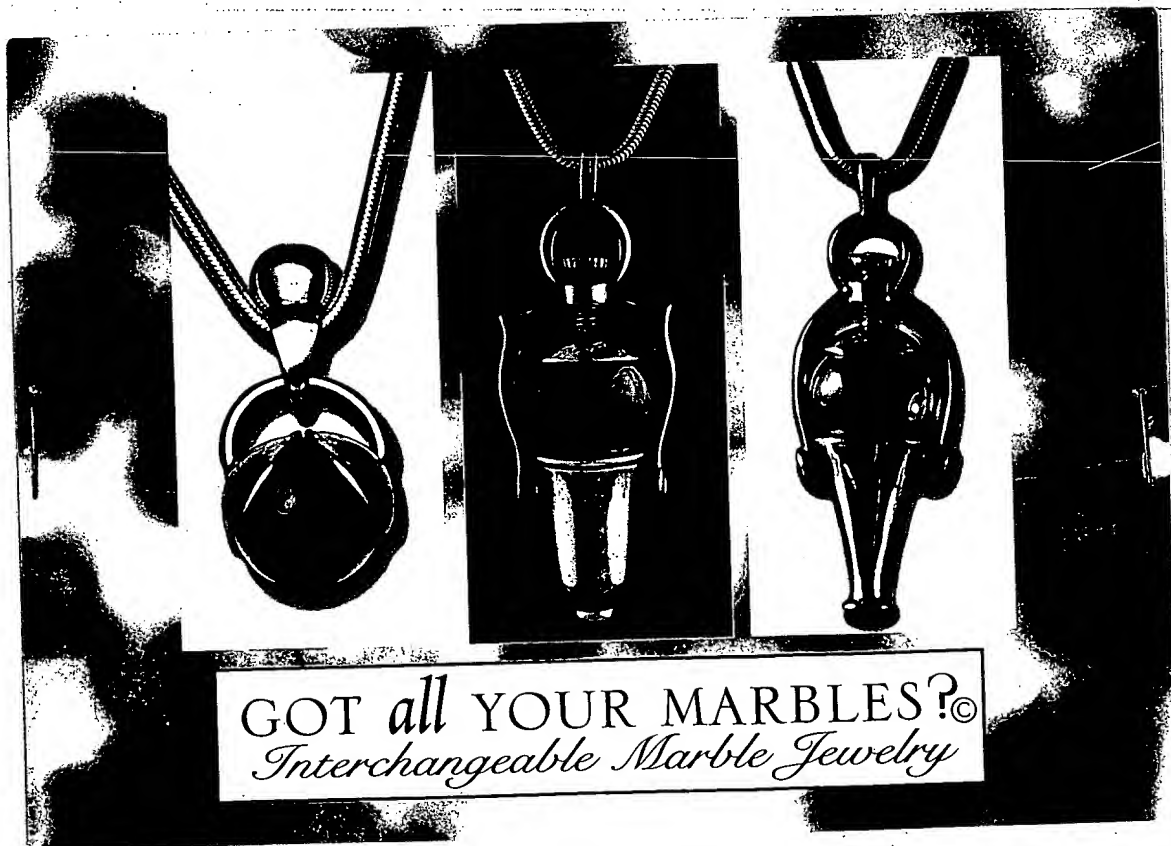
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LICENSE AGREEMENT

Agreement entered into this 16th day of January, 2003, by and between Natural Science Industries, Ltd., 910 Orlando Avenue, West Hempstead, NY 11552-3942 ("NSI") and William Skiles, Studio 220, 220 East Congress Street, Tucson AZ 85701 ("Property Owner").

WHEREAS, Property Owner is the inventor and sole and exclusive owner of a new and improved Clasp For Ornamental Objects as described and claimed in U.S. Patent Application No. 09/818,463 filed March 27, 2001 (hereinafter "the Property"); and

WHEREAS, NSI is desirous of obtaining rights to the manufacture, use and sale of certain products incorporating the Property (hereinafter "Licensed Products") throughout the world, and Property Owner is agreeable to granting such rights on the terms and conditions set forth herein.

IT IS AGREED AS FOLLOWS:

1. License Grant

1.1 Property Owner hereby grants to NSI a non-exclusive worldwide license to develop, manufacture, have manufactured, use, sell, distribute and advertise hobby craft kits incorporating the Property for the full term of this Agreement. The license granted hereby shall include licenses under any and all patent applications, patents and copyrights, pending, issued, filed or to be filed by or on

behalf of Property Owner, including but not limited to any patent that may issue on Application 09/818,463, claiming or covering Clasps For Ornamental Objects as set forth in Application 09/818,463 or variations or modifications thereof to allow NSI to develop, manufacture, have manufactured, use, sell, distribute and advertise Licensed Products as contemplated hereunder.

2. Payments by NSI

2.1 In consideration of the license granted hereunder, NSI agrees to pay to Property Owner a royalty of ~~REDACTED~~ of NSI's average actual net wholesale price on sales of each SKU of Licensed Products. As used herein, "net wholesale price" shall mean the actual invoiced price of Licensed Products as a result of an arms-length transaction between NSI and a third party, exclusive of shipping, taxes or other charges separately set forth on the invoice, less seven percent (7%) of the net wholesale price for returns and defectives.

2.2 NSI shall pay Property Owner an advance of ~~REDACTED~~ dollars, fully creditable against royalties, within fifteen (15) days of the execution of this Agreement.

2.3 All royalties provided for herein shall be due and payable on a semi-annual calendar year basis and shall be paid within 31 days of the end of a period for all sales of Licensed Products made during the period. A sale is to be considered made upon invoice thereof by NSI. Payment shall be accompanied by a statement setting forth, on an SKU and country-by-country basis, the number of Licensed Products sold, the calculation of royalties thereon, and the application of any credit for the advance.

2.4 For all sales of Licensed Products by NSI denominated in foreign currency, NSI will make payment to Property Owner in U.S. Dollars based upon the exchange rate in effect on the day the royalty is paid to Property Owner. If the payment of royalties to Property Owner for sales in any country is blocked or subject to restrictions by governmental authorities, such royalties either may be held in the blocking or restricting country (if permitted by local regulations) or may be removed from such country and paid to Property Owner, subject to whatever restrictions, limitations and/or taxes which may be imposed by the government of such country. In no event shall NSI be responsible to protect the value of sums against currency fluctuation, effects of inflation, or other economic or monetary adjustment.

2.5 If the government of a country requires a reduction in the royalty rate set forth herein as a condition of approving the payment of royalties to Property Owner, NSI agrees to reduce such rate for that country only to the maximum remaining royalty allowed by such government. If the local law of such country permits the subsequent recovery of such royalty reduction, NSI shall use its best efforts to make such recovery on behalf of Property Owner.

3. Term

3.1 The term of this Agreement shall expire upon the termination or expiration date of the last-to-expire U.S. patent that Property Owner may obtain on or in conjunction with the Property, as measured by the expiration or exhaustion of all rights of appeal in the event of a judicial finding of

invalidity, or six months after the final abandonment of all U.S. patent applications on or in conjunction with the Property.

3.2 Each party has the right to review this Agreement after three years.

4. Books And Records

4.1 NSI agrees to maintain full and proper books and records relating to sales of Licensed Products and to keep such books and records for no less than three (3) years after the period to which they relate. Property Owner shall have the opportunity to inspect and audit such books and records, not more than once per year, at the premises of NSI at a mutually agreeable time during regular business hours. The party in whose favor any error disclosed by such audit has been made shall be responsible for the prompt payment or refund of such royalties from correction of the error. Product Owner shall have a period of two (2) years from the end of any calendar year in which to request an audit for such calendar year. At the end of such two-year period, the royalties paid by NSI shall be conclusively accepted as correct.

5. Representation and Warranties, Indemnification and Insurance

5.1 Property Owner represents and warrants that it has the right and power to grant the license granted herein and that there are no other agreements with any other party in conflict with such grant. Property Owner further represents and warrants that: no patent application licensed

hereunder has been finally rejected as of the effective date hereof; that Property Owner has no actual knowledge that the Property is unpatentable or that the Property infringes any valid rights of any third party, or that any third party has raised such an infringement claim.

5.2 NSI represents and warrants that it will use proper business efforts to promote, market, sell and distribute Licensed Products. NSI shall be solely responsible for the manufacture, production, sale and distribution of Licensed Products and will bear all costs associated therewith.

5.3 NSI shall indemnify Property Owner against any loss that it may suffer as a result of any product liability claim brought against it with respect to any Licensed Product. Product Owner shall indemnify NSI against any loss that NSI may suffer as a result of any breach by Property Owner of any representation or warranty made herein.

5.4 NSI shall maintain product liability insurance in an amount of no less than One Million (\$1,000,000) Dollars covering Licensed Products.

6. Termination and Expiration

6.1 Either party may terminate this Agreement on sixty (60) days written notice to the other party in the event of a breach of any provision of this Agreement by the other party, provided that, during the sixty (60) days period, the breaching party fails to cure or commence substantial efforts to cure, such breach.

6.2 NSI shall have the right to terminate this Agreement at any time on sixty (60) days written notice to Property Owner, such termination to become effective at the conclusion of such sixty (60) day period.

6.3 Not less than sixty (60) days prior to the expiration of this Agreement or immediately upon termination thereof, NSI shall provide Property Owner with a complete schedule of all inventory of Licensed Products then on-hand (the "Inventory"). Upon expiration or termination of this Agreement, NSI shall be entitled, for twelve (12) months (the "Sell-Off Period") and on a non-exclusive basis, to continue to sell such Inventory. Such sales of Inventory shall be made subject to the payment of a royalty on all sales made at prices no less than seventy percent (70%) of NSI's list price, which royalty shall be accounted for and be due within thirty (30) days after the close of the Sell-Off period. No royalty shall be due on any sales of Inventory at a price less than 70% of list. At the conclusion of the Sell-Off period, Property Owner may require that NSI either destroy any Inventory still on hand or, alternatively, purchase it from NSI at a price equal to 50% of NSI's list price.

6.4 Upon the expiration or termination of this Agreement, all rights granted to NSI under this Agreement shall terminate.

7. Enforcement of Rights Against Third Parties

7.1 Property Owner shall have the right, in its sole discretion, to prosecute lawsuits against third persons for infringement of its rights in the Property at its sole cost and expense. If Property Owner does not institute an infringement suit within ninety (90) days after NSI's written request that it do so, NSI may institute and prosecute such lawsuit, either alone, or with the agreement of Property Owner, jointly therewith, under NSI's and/or Property Owner's name as appropriate. Such lawsuit shall be at the sole cost and expense of NSI unless otherwise agreed to in writing by the parties. All sums recovered shall be divided proportionally between Property Owner and NSI based on their respective contributions as to the costs of litigation, after deduction and recovery of all reasonable expenses and attorney's fees by the expending party(s). The parties agree to fully cooperate with the other party in the prosecution of any such suit. The party bringing suit shall reimburse the other party for the reasonable expenses incurred by the other party as a result of such cooperation.

8. Miscellaneous


8.1 This agreement represents the entire understanding of the parties with respect to the subject matter hereof, shall be interpreted in accordance with the law of the State of New York as applied to agreements to be performed within its borders, and supersedes all prior agreements and understandings, whether oral or written. The parties hereby submit themselves to the exclusive personal jurisdiction of courts of appropriate subject matter jurisdiction in or for Nassau County, New York in connection with any proceedings concerned with, or to enforce or interpret, this Agreement. This Agreement shall not be modified except by a writing signed by the parties.

8.2 This Agreement shall be binding upon and shall inure to the benefit of the parties, their heirs, administrators, successors and assigns.

8.3 The section titles set forth herein are for the convenience of the parties, and shall not be used to limit, abridge or modify the substance or scope of any provision hereof.

NATURAL SCIENCE INDUSTRIES, LTD.

By



PRESIDENT

Title



WILLIAM SKILES